

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03
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R 050700Z JUN 78
FM AMEMBASSY VIENTIANE
TO SECSTATE WASHDC 9320
INFO AMEMBASSY BANGKOK
AMCONSUL HONG KONG
USLO PEKING
CINCPAC

C O N F I D E N T I A L VIENTIANE 0623

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: PEPR, EAID, VM
SUBJECT: AID AND DEVELOPMENT IN VIET NAM

REF: INR REPORT NO 947 OF MARCH 27, 1978

1. THE REFERENCED INR REPORT CONCLUDED THAT VIET NAM WOULD PROBABLY EXPERIENCE ONLY MODERATE ECONOMIC GROWTH OVER THE MEDIUM TERM. IT OCCURS TO US FROM OUR ADMITTEDLY LIMITED VIEWPOINT, HOWEVER, THAT EVEN THIS CAUTIOUS ESTIMATE MIGHT HAVE TO BE REVISED IN VIEW OF THE RECENT SINO-VIETNAMESE TROUBLES OVER OVERSEAS CHINESE, RECENT REPORTS OF VIETNAMESE ECONOMIC DISORGANIZATION AND CONFUSION (BANGKOK 11555, 12238, 14014, AND VIENTIANE 518, 597, 599), AND THE RECENT REPORT THAT TRUONG CHIBH HAD EMERGED AS THE MOST POWERFUL FIGURE IN VIETNAMESE LEADERSHIP (VIENTIANE 602).

2. THESE DEVELOPMENTS LEAD US TO BELIEVE THAT THE
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SHORT AND MEDIUM TERM PROSPECTS FOR ECONOMIC GROWTH IN VIET NAM MAY HAVE TAKEN A TURN FOR THE WORSE. UNSWERVING ADHERENCE TO IDEOLOGY SEEMS TO HAVE TAKEN OVER AMONG THE SRV LEADERSHIP, AND PRAGMATISM APPEARS TO BE PLAYING A SHRINKING ROLE, AT LEAST AS FAR AS DOMESTIC AFFAIRS ARE CONCERNED.

3. THE SRV COULD, OF COURSE, FOLLOW A TWO-TRACK POLICY OF EXTERNAL PRAGMATISM AND INTERNAL IDEOLOGICAL PURITY. WHILE BEING STRICTLY DOCTRINAIRE WITH RESPECT TO PRIVATE TRADE, NEW ECONOMIC ZONES, AND ETHNIC MINORITIES, THEY COULD BE PRAGMATIC AND FLEXIBLE WITH RESPECT TO THEIR RELATIONS WITH THE WEST. THEY COULD PURSUE A POLICY OF SEEKING U.S. AID TO COPE WITH THEIR ECONOMIC PROBLEMS AND A U.S. CONNECTION TO BALANCE THEIR CLOSE TIES WITH THE COMMUNISTS, WHILE AT THE SAME TIME FOLLOWING A NARROWLY ORTHODOX INTERNAL PROGRAM. THE ROMANIANS HAVE DONE THIS SORT OF THING FOR SOME TIME.

4. IF THINGS DO SEEM TO BE HEADING IN THIS DIRECTION IN VIET NAM, IT COULD HAVE SIGNIFICANT IMPLICATIONS FOR THE U.S. WE COULD FIND OURSELVES BEING WOODED BY A SEEMINGLY MORE AND MORE REASONABLE SRV, WHILE AT THE SAME TIME THE CHANCES THAT ANY AID OF OTHER FORMS OF U.S. VIETNAMESE COOPERATION COULD EVER BE FRUITFUL IN AN ECONOMIC DEVELOPMENT SENSE WERE BECOMING SMALLER AND SMALLER. WE COULD FIND THAT PROGRAMS WHICH APPEARED SOUND FROM THE POLITICAL AND WORLD BALANCE OF POWER STANDPOINT WERE BOTTOMLESS PITS AND BEDS OF IDEOLOGICAL QUICKSAND FROM THE COMMERCIAL AND ECONOMIC DEVELOPMENT/STANDPOINT.

5. THE DEPARTMENT HAS FAR MORE INFORMATION AVAILABLE THAN WE, AND IT MIGHT BE USEFUL TO HAVE INR TAKE
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ANOTHER LOOK AT SRV AID AND TRADE-ABSORPTIVE CAPABILITIES

IN THE LIGHT OF RECENT DEVELOPMENTS.
ROBERTS

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